1 Executive Summary

The Commonwealth of Virginia is a leader among the states in the use of information technology and in customer service.

As many observers have recognized this year, the Commonwealth of Virginia is a leader among its state peers in the use of information technology and in customer service. The National Electronic Commerce Coordinating Council recently made recognition awards to four Virginia agency projects that use technology to efficiently and cost effectively deliver citizen services. The National Association of Chief Information Officers gave Virginia its top award in 2003 to recognize the Commonwealth for its innovative transformation initiative creating the Virginia Information Technologies Agency (VITA). And in the Digital State Survey conducted by the Center for Digital Government and others, Virginia moved to 6th place (from 28th the previous year) for its application of advanced technology to government operations. Clearly, the Commonwealth has understood the business value of technology.

At the same time, the Commonwealth faces critical challenges in 2003: stagnant tax revenue in the face of pressing priorities such as public schools, health care, law enforcement, and prison funding; a weakened rainy day fund; and a budget shortfall for the next two years that is presently expected to be $1.3 billion. This financial situation puts Virginia's AAA bond rating at risk and potentially adversely affects the services that government provides to citizens. Such conditions evince a pressing need for Virginia government to take innovative steps to maximize the return for available budget while delivering equal and more effective services.

Virginia's decentralized management of enterprise resources has cost, productivity, and effectiveness consequences.

Yet, the Commonwealth's decentralized approach to managing enterprise resources may impede progress towards business innovation. As a Governor's commission observed in 2002, Virginia government is "not presently organized, even at the highest levels, to operate the basic business functions of state government in the most efficient and effective manner." The commission commented that there is substantial room for improvement in almost all the basic business practices in which the Commonwealth is engaged, suggesting that $750M annually could be saved with improved practices and technology.[1] But it is not only cost savings that are critical. State governments across the nation recognize that productivity gains are essential if they are to make any headway against their fiscal issues and improve service delivery to citizens. As the commercial sector has recognized, modernizing business practices by reducing duplication and increasing standardization is key to growing productivity.

As the current administration and the Legislature understand, the technology dollar can be one of the most potent resources available to decision makers to reduce costs and improve business results. They also understand that its power can be dissipated by duplication of effort and misalignment of technology investments with the business needs of the government as a whole. The first step in rationalizing technology use has been the creation of the Virginia Information

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[1] *Final Report*, The Governor's Commission on Efficiency and Effectiveness, December 2002.

Technologies Agency (VITA), a tremendous step towards achieving significant fiscal benefits from consolidating technology resources and providing centralized services. Substantial benefits can be derived from developing baseline technology standards and utilizing enterprise-oriented, centralized applications.

Aligning technology investments with business needs is a powerful engine to improve government results.

In the same way, there are equally exciting possibilities for service and efficiency improvements by reengineering and standardizing administrative business processes and systems across agencies. For example, the dozens of financial, budgeting, and human resource systems across state government are costly and inefficient—and can lead in the best case to unnecessary reconciliation and in the worst case, failure to share critical information. Governor Warner's *Strategic Plan for Technology 2002-2006* highlighted the imperative to improve the Commonwealth's administrative systems. Improving business processes and consolidating technology for administrative management in finance, budgeting, human resources, and related functions across Virginia government will enhance productivity and efficiency—and save money.

Virginia has a significant opportunity to hit a fiscal home run, to spend less money while simultaneously increasing effectiveness. These goals can be achieved through the implementation of more effective business processes and service models utilized by the entire state government enterprise. These processes and models would be enabled by carefully managed investments in industry-standard business applications technology and by adopting new operational models in the support and operation of the enabling systems. This approach would address the chronic technology under-investment in infrastructure and enterprise resource management that has hampered the effective management in many state agencies.

However, the Commonwealth needs a means to accomplish enterprise change. Although VITA has a broad mandate to provide outstanding service and technology solutions for state government's IT needs, it has a near-term focus on consolidating IT resources across all state agencies by January 2005. While this work is ongoing, there are critical efficiencies and productivity to be gained from investing in new technology applications, streamlining the supporting infrastructure, and changing operations models. Similarly, the rationalization of business processes and technology for enterprise resource management is a critical efficiency and productivity opportunity that must not be missed, especially in light of Virginia's continuing budget problems.

To respond to these business and technology needs, AMS and its partners are pleased to present what we believe is the natural next step in the business and technology overhaul that began with VITA creation: **the Virginia Business Modernization Initiative (BMI). BMI is a program designed to transform Commonwealth operations by modernizing the administrative business processes and enterprise IT infrastructure of the Commonwealth, thus supporting superior enterprise resource management and improved government performance.**

Also, we believe that there are sufficient cost efficiencies to be gained that this program can pay for itself over ten years, while offering the Commonwealth hundreds of millions of dollars in savings above the cost of the program.

We recognize that this is a big vision—but it is an achievable and practical one, using the set of applications and infrastructure tools for enterprise modernization that is now available. Supported by technology, the Business Modernization Initiative is a pragmatic solution to an urgent problem to improve Virginia's enterprise resource management practices—with better stewardship of the public's funds and superior constituent service.

AMS will lead the Virginia Government Transformation Alliance. Other key members are Unisys, MCI, SiloSmashers, GovConnect, and Belacorp.

To deliver on the modernization promise, we have structured the **Virginia Government Transformation Alliance**: a team of firms with varied strengths and capabilities that share a deep interest in and commitment to modernizing administrative business practices and technology of Virginia government. The Alliance consists of AMS as prime contractor, with major partners Unisys, MCI, SiloSmashers, govConnect, and Belacorp.[2]

Exhibit 1-1   Virginia Government Transformation Alliance

In partnership with the Commonwealth, our Alliance will deliver

- **Consolidated and modernized business processes and enterprise applications for the core administrative business functions of the Virginia government enterprise, designed to serve all agencies.**

- **Consolidated and modernized information technology infrastructure and associated functions in selected areas under the jurisdiction of VITA.**

- **Shared service centers as delivery organizations to provide ongoing operational support for common activities that are undertaken throughout the government, such as help desk or call center operations.**

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[2] All references to "AMS" in this proposal refer to American Management Systems, Incorporated, a Delaware corporation which is a wholly-owned subsidiary of CGI Group, Inc.

The Business Modernization Initiative extends the vision that created VITA and offers the natural progression towards transformation of the Commonwealth's business processes.

We propose that this program be implemented through a public-private partnership with the Commonwealth under the PPEA, as permitted by changes included in House Bill 1925 as adopted by the 2003 General Assembly. The program would be supported by an alternative funding model that uses an initial investment of private sector funds to jump-start the improvements that will yield financial benefits to ultimately pay for the program.

This program is well suited to a PPEA approach. The first and primary reason is the urgency of the need—the current structurally caused inefficiencies cannot be sustained in the face of Virginia's fiscal and productivity pressures. A standard RFP-based procurement approach would take significantly longer to initiate. Second, the partnership requires the private sector partner to bear significant financial risk, and a standard RFP approach would not allow the creative give and take in funding design that the partnership model promotes and requires. Third, the financial investment required to undertake and sustain this program is not readily available to the Commonwealth in the current fiscal environment. Finally, a partnership approach better accommodates a dynamic program—when new projects are identified that will produce savings or benefits that can help pay for the program, they can be easily added to the contract and implementation design. An RFP with limited and directive requirements does not easily accommodate the addition of new ideas.

The BMI concept, Alliance of partners, implementation strategy, and finance model are summarized in the following sections.

1.1 Business Modernization Initiative Concept

Business modernization advances the public purpose of improving government productivity, management effectiveness, and quality of citizen services.

In current best practice in both the public and private sectors, a modern, effective business enterprise aligns its technology investments with strategic plans and mission objectives. It consolidates the administration and management of common processes and resources to accelerate the flow of information and optimize business processes. For those business and IT functions that are outside its core competencies, a modern business enterprise uses a more cost-effective external resource for those functions. Such functions are commonly structured through a utility model that provides network-based access to computing services, business processes, and applications through a pay-as-used service.

To ensure the relevance and usefulness of its information technology investments, a modern business enterprise links business issues with IT planning to accommodate the interdependencies among organizations and people, business processes, and technology. This orientation reduces the cost of technology investment and increases the quality of results, because investment and reengineering are designed so that technology is the enabler, not the driver, of business decisions.

We observe that this set of best practices is being adopted at the federal level: both civilian and defense agencies are streamlining, consolidating and transforming business practices with the help of AMS and its partners.

To help Virginia meet the financial and performance challenges it faces, we propose that the Commonwealth move to modernize its business functions and supporting IT infrastructure. Our proposal goes beyond simply taking the

Commonwealth's existing technology assets and making them more efficient by wringing out cost savings. Instead, we propose to make significant investments to overhaul the current administrative systems, processes, and supporting infrastructure—yielding a modernized, more effective set of business practices that achieve higher productivity, deliver better customer service, and use a skilled workforce to meet the demands of 21st century government. An essential element of this plan is a true partnership between VITA and the BMI program to prioritize investments based on their contribution to Virginia's strategic needs and to jointly realize tangible benefits to support a continuing investment stream.

The Alliance recognizes the importance of providing economic opportunities beyond those regions of Virginia that traditionally have benefited from growth in high technology. Our plan includes a commitment to economic development in disadvantaged locations in the Commonwealth, through a program of reinvestment of savings. The opportunities that we would seek out include the implementation of shared service centers, which could involve both high technology and business service roles. The Alliance is aware of the importance of using benefits and savings generated from the proposed programs, in order to gain achievements for this wider range of outcomes.

We do not propose to replace or privatize VITA or to strip state agencies of their administrative responsibilities. Instead, we propose to complement VITA's work to advance its success. Because VITA is fully occupied with a massive consolidation of IT human and technical resources, it does not have the financial or personnel resources to engage in some of the reengineering and modernization needed. In fact, VITA staff routinely note the need to bring all state agencies to a baseline of technology best practices before they begin other technology activities, but they acknowledge that they are lacking financial resources for this baselining effort. The Alliance proposes to support VITA's mission execution by taking direct responsibility for selected activities so that state and private resources can be most effectively deployed to extend the vision that created VITA. Similarly, we intend to partner with the central administrative agencies to create a consolidated administrative systems approach that meets the government's business enterprise needs.

The business modernization model has already been proven successful in Virginia. In the Commonwealth's Department of Taxation through the VATAX Partnership Project and in the Department of General Services with eVA, the statewide procurement system, significant new capabilities and large economies were derived from business modernization that leveraged information technology. These two hugely successful pilot projects effectively demonstrate that this model can be applied more broadly and that AMS is a partner committed to the public purpose of improving government productivity, effectiveness, and citizen services.

To evaluate the feasibility of a program like the one we propose, our team has performed preliminary due diligence on a number of project opportunities that show significant financial and performance benefits within three years. Our research has made it clear that there are tremendous opportunities for both immediate successes and long-range business improvements. We have concluded that these projects should be pursued as a full-fledged modernization strategy that targets the core business processes that are most responsive to reengineering and

technology enhancement and that offer the most financial and performance leverage to the government enterprise, across all agencies.

1.1.1 Elements of the Business Modernization Initiative

The BMI optimizes business processes, aligns organizations, enhances technology, and deploys ongoing services for the enterprise.

We propose that the Commonwealth-Alliance partnership work together to execute three major work streams that compose the Business Modernization Initiative, as illustrated in Exhibit 1-2.

- **Strategy.** This work stream incorporates the Commonwealth's strategic vision into a set of formally adopted business drivers and makes certain that the business drivers guide the choice of projects and implementation paths for all elements of the Initiative. To embed strategy into implementation, the strategy work produces blueprints for the envisioned end-state of the enterprise. Strategic planning is ongoing; the BMI processes will adapt the business drivers based on evolving decisions by the Commonwealth and benefit realization progress for the duration of the Initiative.

- **Transformation Activities.** These activities fall into three categories:

    - **Business process reengineering** to produce more effective and efficient business practices for both internal administrative management and constituent-facing functions. Reengineering is proposed in the areas of processes for administering financial, property, and human resources; revenue maximization; and consolidation of common support services such as customer service or payroll.

    - **Organizational alignment** to manage the Initiative's impact on the Commonwealth, including the transition of a workforce that must adapt in skills and utilization as business processes change and new organizations are established to provide shared services that all Virginia government can use.

    - **Technology modernization** to rationalize and streamline infrastructure and to deploy integrated enterprise applications for better administrative management.

- **Enterprise Services provided by Shared Service Centers** to support the transformed enterprise. These services may range from basic technical support to selected outsourcing of application management, IT services, or business processes. Outsourcing candidates will be those task and functions that can be performed more cost-effectively by the Alliance. Other services will continue to be provided by Commonwealth organizations.

Exhibit 1-2   Conceptual View of the Business Modernization Initiative

1.1.2   Realization of the Business Modernization Initiative
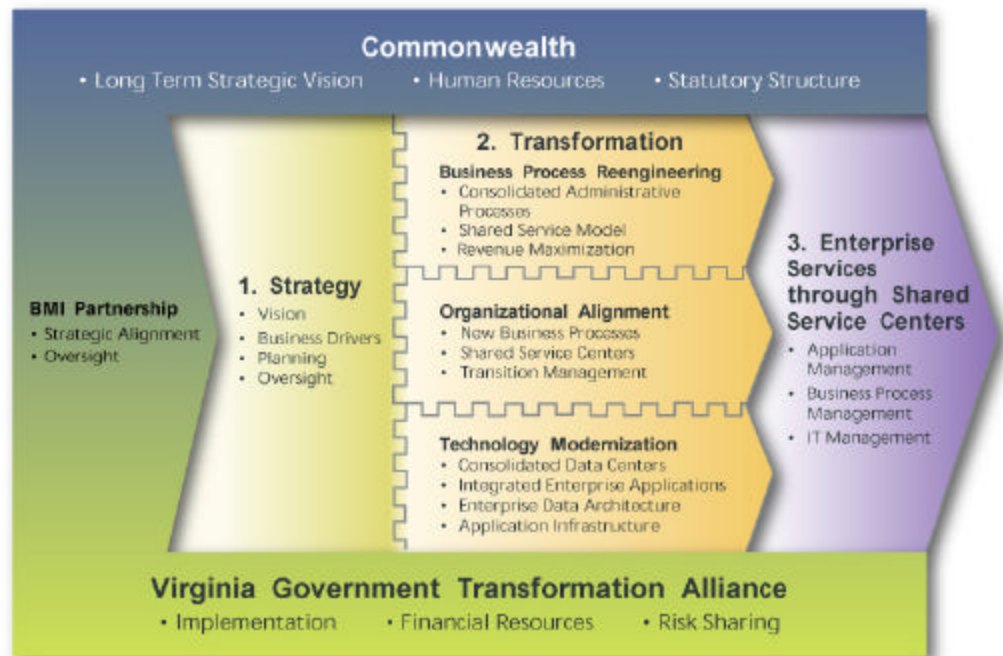
The BMI will deliver consolidated, modern administrative systems for the enterprise, consolidated IT infrastructure, shared services, and ongoing operational services.

Through this work, we will deliver solutions in four areas:

1. **Consolidated and modernized business systems for the core administrative business functions** of the Virginia government enterprise.

   - Financial Management
   - Performance Management and Budgeting
   - Payroll, Benefits, and Human Capital Management
   - Asset Management
   - Enterprise-wide Management Reporting

2. Investment in, support, and operation of **consolidated data centers and other aspects of the Commonwealth IT infrastructure**, to complement and further VITA's activities and responsibilities

3. **Shared service centers** that provide operations support, such as consolidated call centers or enterprise electronic payment service centers.

4. **Other ongoing operational services** as needed for the modernized government enterprise, especially in areas of technology refresh and upgrade.

We believe that many of these systems and services can also be made available for use by local government and higher education institutions—thus extending the value of the investment. For example , local governments could choose to buy

data center services or to use the shared service centers in order to reduce their own IT investments or to simplify citizen access.

These kinds of efforts to modernize the business enterprise across government improve productivity and remove cost leakage from both technology infrastructure and core administrative business processes. They allow better agency focus on programmatic missions because fewer resources are needed for administrative functions and the requisite technology and infrastructure. A utility model can be used to build common functions and technology once, to be used by agencies many times. Such modernization produces better information for monitoring government performance and making business decisions.

1.1.3   Benefits of the Business Modernization Initiative

The overarching goal of the BMI is to transform government enterprise operations so that they directly contribute to achieving Virginia's strategic objectives. Exhibit 1-3 illustrates that many stakeholder groups will benefit long-term from this improvement initiative.

Exhibit 1-3   Future Benefits of the Virginia BMI
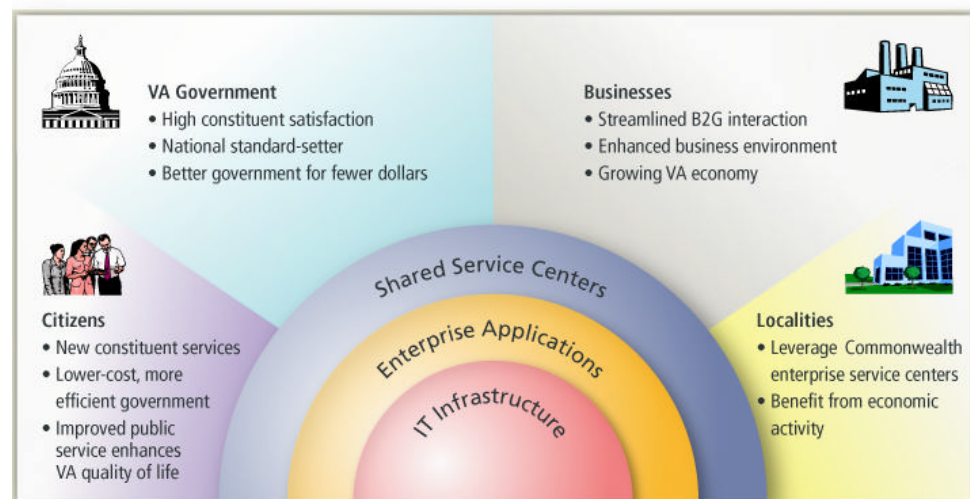
As a result of the BMI, public service from Virginia government will improve. The more time and money that agencies divert to administrative management, the less time and money they have to devote to their public service missions. With the proposed improvements to business processes and consolidation of administrative systems and information technology, agencies and departments will benefit from increasing a scarce commodity: time to spend with the constituents they serve.

Similarly, the improved back-office processes and constituent relationship management will improve the quality of interactions that businesses have with government. A more efficient and effective government increases the desirability of Virginia as a place to work and locate businesses.

We expect that other economic benefits to the community will also result from this program. Our proposed consolidation of information systems and development of a new data center, disaster recovery center, and call center will improve technology training for state IT employees, increase job opportunities around the Commonwealth, and offer subcontractors opportunities to provide services on the BMI.

1.2 The Business Modernization Initiative Partnership

Delivery of this program would be accomplished through the creation of a public-private partnership (under the PPEA) between the Commonwealth of Virginia and an Alliance of private sector firms that collectively will deliver the products and services for business modernization.

1.2.1 Virginia Government Transformation Alliance

The Virginia Government Transformation Alliance's team of premier firms has the experience and capabilities to succeed with business modernization of the Commonwealth.

To create and deliver sweeping change, a business modernization initiative like this demands a team capable of delivering systems integration, business process reengineering with the attendant organizational development and change management, IT infrastructure creation and deployment, and industrial strength program management. In short, this scope requires more resources and expertise than any single public or private sector entity possesses. This set of capabilities and knowledge is best offered to the Commonwealth through a team of premier firms that collectively have the demonstrated experience and capabilities to succeed. The Virginia Government Transformation Alliance is an assembly of companies that bring particular strengths and capabilities but that share a deep interest in and commitment to the modernization of technology and administrative business practices of Virginia government. Four of the six Alliance members are Virginia-based, with a fifth headquartering its worldwide public sector operations in Virginia. Our team has a real stake in the improved performance of our home state.

AMS will serve as the leader of the Alliance, with each additional member committing to exclusive teaming agreements to work on this program. We strongly believe that our collective experience is an essential element to the success of our partnership with the Commonwealth.

As prime contractor, AMS will bring partnership management, robust program management, and systems integration. With 2002 revenues of almost $1B and about 6,500 employees, AMS was established and has been headquartered in Virginia since 1970. AMS is well known to the Commonwealth and has a record of successful engagements in Virginia government for the last seventeen years. Two of AMS's premier and award-winning transformation projects are in Virginia: the eProcurement project eVA and the VATAX Partnership Project. These projects, though on a smaller scale, apply the same principles of transforming the enterprise that we propose for the BMI. They stand as pilot efforts for the modernization we want to accomplish for the enterprise. We have a demonstrated history of results in Virginia and in many other states, because we have a deep understanding of the business practices and supporting technology that enable better government performance.

AMS will lead the Virginia Government Transformation Alliance. Other key members are Unisys, MCI, SiloSmashers, GovConnect, and Belacorp.

There are five other major partners in the Alliance:

- **Unisys** is a worldwide information technology services and solutions company formed in 1986; more than 39,000 Unisys employees serve clients in 100 countries, and its global public sector operations are to be newly headquartered in Virginia. Unisys brings expertise in data center consolidation and ongoing management, particularly informed by its 25 years of providing large-scale technology services to Virginia.

- **MCI** is a leader in providing global businesses, government offices, and U.S. residential customers with local-to-global business data, Internet and voice services. Founded in 1968 and based in Virginia, the firm has 55,000 employees in 65 countries around the globe. MCI owns and operates some of the world's most complex and sophisticated custom networks, delivering value for a wide variety of customers and more than 75 U.S. federal government agencies.

- Established in 1992, **SiloSmashers** is a small Virginia-based company with extensive federal government experience in balancing technology change with business and organizational change. It offers proven methodologies, tested knowledge, and experience in reengineering business processes and managing the organizational change that comes with business transformation.

- **GovConnect** is a leading provider of electronic service delivery solutions for government agencies. Founded in 1979, GovConnect has a staff of over 400 and has helped agencies across the U.S. conduct millions of transactions that result in the electronic transfer of trillions of dollars in revenue annually. GovConnect is based in Cincinnati, Ohio, and is a subsidiary of govONE Solutions, LP.[3]

- **BelaCorp** is a small and woman-owned firm founded in 1999 and based in Virginia. They are experts in infrastructure consolidation and design as well as business consulting.

As demonstrated by the composition of our primary team, we have a strong record of employing small, women-owned, and minority (SWAM) firms on similar efforts, and we anticipate using even more Virginia-based SWAM businesses as subcontractors through the ten-year life of the program. We note that AMS and Unisys both have teaming agreements with Virginia SWAMs under the VITA Advanced IT Resources Contracts and we plan to leverage these SWAM business partners to assist us in delivering BMI to the Commonwealth.

1.2.2 Relationship of the Virginia Government Transformation Alliance to Partnership

In a public-private partnership like this one, each partner brings essential assets and commitments.

The Virginia Government Transformation Alliance is the private sector implementation partner, bringing the resources and willingness to invest its own funds and bearing the initial financial risk to start the program. We bring our

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[3] govONE Solutions is an operating company of eONE Global, LP (www.eoneglobal.com), a leader in emerging payment technologies and systems and majority-owned by First Data Corp. First Data has more than 27,000 employees worldwide and 2002 revenue of $7.6B.

experience gained from hundreds of project implementations that have improved the way government works. We also bring our commitment: we are willing to bring these assets to bear because we believe in the viability of this Initiative. The Commonwealth is the public partner that brings its long-term strategic vision to guide the work, its human resources to participate and ultimately own the modern enterprise, and its commitment to embrace modernization in both business processes and technology use.

We propose several options for how the Alliance will interface with the Commonwealth. The four essential issues that will drive the structure of that interface are how the joint team decides to structure the nature of the contracting entity, employee transition, program financing, and equipment ownership. In Chapter 4, we more fully outline the potential benefits and the pros and cons of each option.

1.3 Business Modernization Initiative Implementation

1.3.1 Partnership Governance Model

A Business Modernization Board will provide policy guidance and strategic direction to the entire modernization effort.

Our proposal relies on a risk and reward-sharing partnership, and our conceptual management approach deeply integrates the values of partnership and shared management of the BMI. Modeled after other public-private partnerships in which Alliance members have successfully participated, the organizational structure for the BMI embodies joint oversight and decision-making through a governing board, program management, and interrelated project management. It is designed to foster a true public-private partnership.

As shown in Exhibit 1-4, the integrated management approach emphasizes both strategic guidance and strong daily governance.

Exhibit 1-4   Conceptual Partnership and Governance Approach
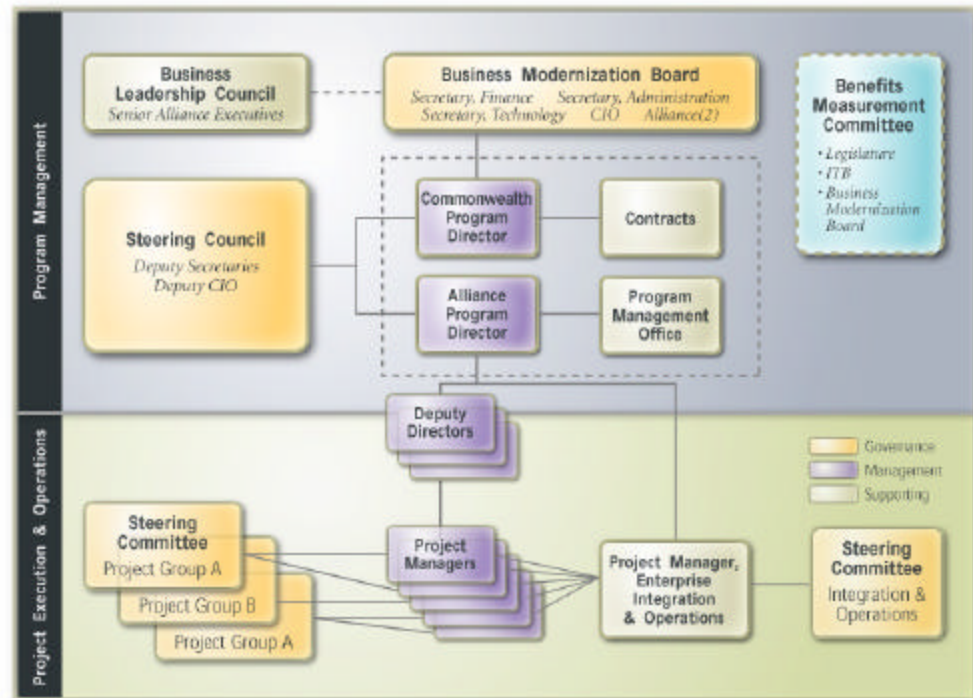
A Modernization Board will offer policy guidance and strategic direction to the entire effort, supported by a Business Leadership Council to advise and a Steering Council to make tactical and execution decisions. There is also a Benefits Measurement Committee that will approve performance and benefits commitments; this group brings the Legislature into an important decision role and helps to establish long-term commitment.

Both the Commonwealth and the Alliance contribute resources to a management team and to the projects that compose the BMI. An Alliance Program Director has daily responsibility for directing the entire BMI, with oversight of the many projects that compose the overall program. A Commonwealth Program Director will govern projects to meet Commonwealth standards, facilitate state staff involvement, and manage the contract. Project teams may be composed of a mix of Commonwealth and Alliance staff.

The BMI will provide state employees with new opportunities and new abilities to deliver excellent service to citizens.

One of the principles guiding our plan is a smooth transition for employees currently performing functions that may change as a result of business and technology modernization efforts. Several options for this transition, including staffing levels and costs, are outlined in Chapter 4. These options make clear that the Alliance intends to invest in employees to leverage their knowledge and capabilities, to offer opportunities for success, and to offer chances to be part of a nation-leading initiative.
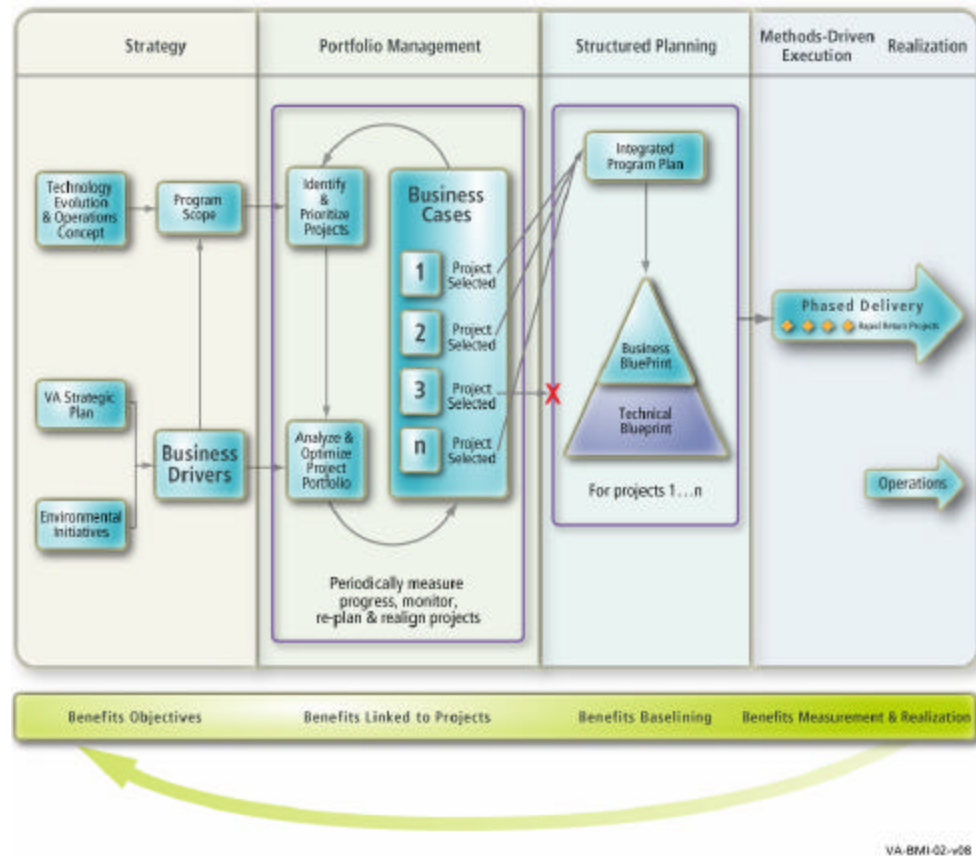
1.3.2   Implementation

The Alliance's proposed implementation strategy is to construct and improve the enterprise processes and supporting IT within three years, and then expand, improve, and support ongoing enterprise operations over the next seven years for a ten-year project life.

We will manage a dynamic portfolio of projects with structured planning for a measured, successful delivery.

Implementation design will be guided by four design principles, as shown in Exhibit 1-5. These ideas are important in a program with such a large scope, wide potential impact, and significant need for flexibility as opportunities for improvement emerge.

- **Strategic Planning.** We will articulate the key business drivers that represent the Commonwealth's strategic vision. The Business Modernization Board will validate and approve these drivers as the standard against which the appropriateness of each potential project will be assessed.

- **Portfolio Management.** We will manage the possible projects as an implementation portfolio. Using the business drivers, the Partnership's Program Management Office can prioritize projects and shift the planned portfolio to optimize the benefits from particular projects or project combinations. Central to this approach is the development of sound business cases that concretely establish costs and benefits to be derived from each project. The Board will approve the investment in individual projects and make the programmatic, policy and process commitments necessary to achieve the proposed benefits.

- **Structured Planning.** Our structured planning technique relies on business and technology blueprints to represent the desired end state for a particular function. Work proceeds against a blueprint as part of an integrated program plan.

- **Methods-Driven Execution.** Fourth, our methods-driven execution will minimize risk and regularly return measurable results. We plan to supplement our regular, phased delivery with Rapid Return projects that produce fast turnaround business benefits to the Partnership. Part of this execution is the continual progress and benefits measurement, so that we can show operational benefits, continually improve delivery, and realign projects in the portfolio as it makes sense.

Exhibit 1-5   Conceptual Implementation Strategy

Implementation will last three years for fundamental transformation work and then move into enterprise operations mode for seven years.

The Alliance believes that this Initiative has a ten-year operations envelope. In the first three years, the Alliance will accomplish the fundamental transformation work in three phases. Thereafter, the Initiative will move into an ongoing enterprise operations mode for seven years in order to operate the new capabilities delivered through Phase 3. In this mode, we will extend technology into more agencies for their administrative business management, identify new areas for shared service centers to reduce costs and increase productivity, provide ongoing technical and consulting support, and monitor business processes and support systems for continuous improvement and alignment with the Commonwealth's strategic goals. We will initiate upgrades and new capabilities following the same decision processes and criteria developed and used through Phase 3.

Exhibit 1-6 describes the activities of the first three phases.

Exhibit 1-6   Conceptual Roadmap of First Three Phases

	Phase 1	Phase 2	Phase 3
Key Activities	• Establish Business Modernization Board • Determine business drivers and begin portfolio management and planning • Refine results of discovery and due diligence • Prepare consolidated data center and the backup facility • Begin business process reengineering • Establish approach for the integrated administrative management systems • Implement initial shared service center • Measure benefits	• Ongoing portfolio management and planning • Complete data center consolidation efforts • Begin configuration and testing of the integrated administrative management systems • Continue ongoing implementations of rapid return projects and shared service centers • Measure benefits	• Ongoing portfolio management and planning • Complete implementation of the integrated administrative management systems for the executive & pilot agencies • Continue ongoing implementations of rapid return projects and shared service centers • Begin implementations of the integrated administrative management systems • Measure benefits
Expected Results	• Provide a fully operational data center • Begin consolidation of agency servers into the new data center • Implement a call center to support the data center • Select software that will be used to implement the integrated administrative management systems	• Complete the consolidation of servers and storage in the new data center • Begin executive and pilot agencies' integrated administrative management software configuration	• Implement the integrated administrative management software in the executive and pilot agencies • Initiate execution of rollout plan for implementing the integrated administrative management systems in the remaining agencies
Benefits	• Increased efficiency at managing the IT infrastructure • Reduced IT infrastructure expense • Increased effectiveness due to streamlined business processes • Reduce Commonwealth annual costs below those currently anticipated	• Increased efficiency at managing the IT infrastructure • Reduced IT infrastructure expense • Increased effectiveness due to streamlined business processes • Reduce Commonwealth annual costs Below those currently anticipated	• Streamlined performance of key business processes of central oversight agencies • Improved constituent service in the executive and pilot agencies based on a comprehensive view of the customer being available to CSRs • Reduce Commonwealth annual costs below those currently anticipated

(Left vertical label: Conceptual Proposal Detailed Review (Due Diligence and Discovery Phase). Timeline bars: Months 1-12, Months 1-24, Months 1-36)

VA-BMI-17-v12

1.4   Financial Model

The Virginia Government Transformation Alliance provides upfront investment and bears the risk while improvements are made that will eventually pay for the program.

We propose to fund the BMI through a gain-sharing model. We believe that there are enough cost efficiencies to be gained that this program could pay for itself over ten years, while offering the Commonwealth hundreds of millions of dollars in savings above the cost of the program. The strategy provides for the initial investment by the Alliance to create and sustain the technology improvements and business services that will ultimately pay for the program. The Alliance is willing to bear this risk because we are confident that savings of this magnitude can be created.

Our financial plan is based on preliminary analysis of the Commonwealth's spending on IT and administrative systems and several other sources. The

Alliance also has direct experience in benefits- and performance-based initiatives in California, Kansas, and New York City, as well as in the Commonwealth. We have used metrics from similar ERP implementations against published Commonwealth data to help quantify benefits estimates, and we used third party analysis to help us benchmark operational efficiencies we believe that the Partnership can gain.

In the remainder of this proposal, we provide the following information:

- Chapter 2 summarizes the qualifications and experience of the Virginia Government Transformation Alliance of firms.

- Chapter 3 describes our proposal in terms of the program elements and a conceptual implementation strategy for the Modernization Initiative. This chapter also discusses program impacts and gives scenario examples of the changes and improvements that Virginia government will experience as the result of modernization of business processes and technology infrastructure.

- Chapter 4 describes our financing plan and other innovative ideas that we consider central to our proposal. Portions of this chapter are considered proprietary; we have marked these and submitted them under separate cover, and we ask that the Commonwealth hold the separate material confidential.

- Chapter 5 discusses program benefits, its compatibility with Commonwealth strategic plans and goals, and anticipated stakeholder response to the program.

For ease of review, we have included the pertinent text showing content requirements of the PPEA guidelines at the beginning of each section within chapters.

The Virginia Government Transformation Alliance looks forward to the opportunity to discuss our conceptual proposal with the Commonwealth. We anticipate working closely with the Commonwealth during the Conceptual Proposal Detailed Review phase to conduct the further due diligence and discovery that will allow us to prepare a well-informed detailed proposal.